

APR 18 1952

Prospectus
of
JERSEY YUKON MINES LIMITED
(No Personal Liability)

Jersey Yukon Mines Limited (No Personal Liability) was incorporated under The Companies Act (Ontario) by Letters Patent dated the 28th day of May, 1951. The Head Office of the Company is at 331 Bay Street, Toronto, Ontario.

The Officers and Directors of the Company are as follows:

PRESIDENT	JAMES JAY COLT, Corporation Executive, 1 East 66th St., New York, U.S.A.
VICE-PRESIDENT AND SECRETARY	ERASTUS MILES FLYNN, Prospector and Mining Engineer, Mayo, Yukon Territory, Canada.
TREASURER	STELLA STITCH COLT, Corporation Executive, 1 East 66th St., New York, U.S.A.
ASSISTANT-SECRETARY	ANITA COLT RAND, Corporation Executive, 4941 Arlington Ave., Riverdale, New York, U.S.A.
DIRECTORS	JAMES JAY COLT, as above. ERASTUS MILES FLYNN, as above. EDWARD NEIL WHITE, Corporation Executive, 173 Riverside Drive, New York, U.S.A. ANITA COLT RAND, as above. TERENCE JOSEPH O'NEILL, Prospector, Almonte, Ontario.
PROMOTER	ERASTUS MILES FLYNN, as above.

Messrs. George A. Touche & Co., Chartered Accountants, 67 Yonge Street, Toronto, Ontario, are the auditors of the company.

Montreal Trust Company, 15 King Street West, Toronto, Ontario, is the Registrar and Transfer Agent of the Company.

The authorized capital of the Company consists of \$3,500,000 divided into 3,500,000 shares of \$1 each of which 1,200,005 shares have been issued and paid up.

There are no bonds or debentures outstanding or proposed to be issued.

Of the issued shares, 500,000 are deposited in escrow with Montreal Trust Company, 15 King Street West, Toronto, Ontario, upon condition that the said shares shall be released pro rata to the registered holders thereof from time to time only with the written consent of the Ontario Securities Commission and of the Board of Directors of the Company and to be sold, transferred, assigned or otherwise dealt with only with the written consent of the Ontario Securities Commission.

By agreements dated June 13th, 1951, 600,000 of the shares purchased for cash are pooled with Montreal Trust Company for a period of one year from said date provided that if James J. Colt and E. Miles Flynn, the managers of the said pool, in their absolute discretion decide that in the best interests of the Company the said period should be extended, the pool shall continue for such extended period not being longer in any event than a further period of one year. The managers under the pooling agreements have power to sell all or any of the pooled shares at such price or prices and to such persons or corporations as the managers may from time to time in their absolute discretion direct the Trust Company to do and any shares so sold shall be taken from the shares of the depositors pro rata and the proceeds remitted to them. Each of the shareholders appoints the managers to vote on his behalf at every meeting of the shareholders of the Company held during the currency of the agreements.

A total of 1,200,000 shares (of which 700,000 have been issued) have been sold for cash to date as follows: 5 shares at \$1 per share; 1,200,000 shares at 25¢ per share. A total of \$300,005 has been received for the shares so sold.

No commissions were paid on the sale of shares.

No securities other than the shares aforesaid have been sold for cash to date.

No shares have been issued or are to be issued nor has any cash been paid or is any cash to be paid to any promoter of the Company as such, save the shares issued to E. Miles Flynn for the properties hereinafter mentioned.

Particulars of the Company's properties are as follows:

The Company is the recorded owner of thirty-two mining claims in the Mayo mining division of the Yukon Territory described as follows:

1. Toro	12. Joe	23. San Antonio
2. Casa	13. Tampico	24. San Agostin
3. Loma	14. Vera Cruz	25. San Geronimo
4. Pero	15. Nogales	26. San Martin
5. Porco	16. Bill	27. San Carlos
6. Gato	17. Santa Fe	28. San Louis
7. Pavo	18. Santa Barbara	29. Len
8. Nina	19. Santa Eulalia	30. Meg
9. Tim	20. Santa Cruz	31. Lot
10. Andy	21. San Andres	32. Sue
11. Mike	22. San Francisco	

The aforementioned mining claims were acquired from E. Miles Flynn for the consideration of 500,000 fully paid and non-assessable shares of the capital stock of the Company.

By agreement dated the 14th day of June, 1951, Terence J. O'Neill of the Town of Almonte in the Province of Ontario agreed to transfer and assign unto the Company:

(a) An exclusive option dated November 1st, 1950, to purchase from Angus McLeod of Keno Hill in the Yukon Territory of Canada, a 100% interest in each of the following mining claims situate in the Mayo Mining District of the Yukon Territory:

Claim	Grant Number
Eagle No. 2	38811
Eagle Fraction	16171
Alexandra	14871
Nathalie	14873
Spider	55502

and an exclusive option to purchase an undivided one-half interest in Eagle No. 1 mining claims being Grant No. 38815.

The consideration payable in order to exercise the said option is the sum of \$40,000 of which \$4,000 was paid prior to its assignment to the Company, \$18,000 has been paid by the Company and in order to continue it in force, \$9,000 is payable on or before May 1st, 1952 and \$9,000 on or before November 1st, 1952.

Terence J. O'Neill also obtained from Angus McLeod subsequent to November 1st, 1950, an option to purchase for an additional sum of \$5,000 the outstanding one-half interest in Eagle No. 1 mining claim.

(b) An exclusive option dated October 16th, 1950 from George Andison of Whitehorse in Yukon Territory of Canada, to purchase the following described mining claims:

- "Alice" Mineral Claim, South of Berrmac Fraction;
- "Olga" Mineral Claim, South of Alexandria M.C.;
- "Agnes" Mineral Claim, South of Manzana and Eagle Fraction;
- "Jean" Fraction, South of Eagle No. 2.

The consideration payable in order to exercise the said option is the sum of \$15,000 of which \$1,500 was paid prior to its assignment to the Company, \$5,000 has been paid by the Company and in order to continue it in force, \$2,500 is payable on or before August 1st, 1952 and \$6,000 on or before November 3rd, 1952.

The consideration paid or payable by the Company to Terence J. O'Neill for the assignment of the said options is the sum of \$145,000 payable as follows: \$21,500 paid on execution of agreement; \$48,500 on or before June 19th, 1952; and \$75,000 on or before May 4th, 1952 provided that the Company at its option in lieu of paying the sum of \$75,000 may issue and allot or cause to be issued and allotted to O'Neill or to his nominee 100,000 fully paid and non-assessable shares of the Company at the price of 35¢ per share and 100,000 fully paid and non-assessable shares of the Company at the price of 40¢ per share. In addition, the Company pursuant to the said agreement paid the sum of \$5,000.00 in order to acquire the outstanding one-half interest in Eagle No. 1 mining claim, this sum to be treated as an advance payment of \$5,000 upon the amount of \$48,500 required to be paid on or before the 19th day of June, 1952. The agreement provides that in the event of default being made by the Company in payments of the amounts mentioned aforesaid, the right of the Company to acquire the said options shall at the discretion of O'Neill be at an end, but O'Neill may if he so desires elect not to treat the agreement at an end but to enforce his right to receive payment of the consideration to be paid to him. The agreement further provides that if at any time after the date of it the Company shall decide it does not wish to continue to satisfy the payments required to be made in order to keep the said options or either of them in good standing, it shall in such event inform O'Neill in writing at least ten days prior to the time fixed for the payment which is not to be satisfied by the Company and the option agreement in respect of which payment is not to be made shall be forthwith reassigned to O'Neill, but nevertheless the Company's indebtedness to O'Neill will remain.

The Company has acquired from Matthew Butyer of Keno Hill, District of Mayo, the exclusive right and option to purchase the Stone and Ray Claims and a one-half interest in the Scot Claim and Viola Fraction all situate at Keno Hill, Mayo Mining District, Yukon Territory for \$100,000 of which \$10,000 has been paid and in order to continue the option in force, \$25,000 is payable on or before the 15th day of April, 1952; \$25,000 on or before the 15th day of April, 1953; and \$40,000 on or before the 15th day of April, 1954. The option provides that during its currency the Company shall pay a royalty of 20% of the smelter returns received by it from any ores, concentrates or minerals taken from the mining claims which royalty shall be applied on account of the purchase price.

Save as aforesaid, no persons have received or are entitled to receive from the vendors a greater than 5% interest in the shares or other consideration received or to be received by them.

For the means of access to the Company's properties, the character, extent and condition of any surface exploration and development and the known history of the property, see the report of Eric Norppa dated the 2nd day of August, 1951 which forms part of this Prospectus and to which reference is hereby made.

The Company is now driving an adit on the Stone claim about 146' below the lower adit referred to in the report herein mentioned of Eric Norppa.

The Company owns two complete mining plants each consisting of an air compressor with a capacity of 350 cubic feet per minute driven by a 100 h.p. diesel engine together with auxiliary equipment consisting of necessary hoists, rock drills, jumbos, pumps, blacksmith equipment, steel, piles, hose, etc., for the two complete units. The Company also owns two log cabins located on two town lots in Keno Hill to be used as headquarters, a bulldozer, truck, station wagon and mucking machine.

The present management has had a geophysical survey completed by Lundberg Explorations Limited on the Eagle group. A report of Lundberg Explorations Limited on this survey dated January 8th, 1952 is attached hereto and forms part of this Prospectus.

Liberty Explorers Limited has pursuant to subscription dated the 6th day of September, 1951 subscribed and paid for 600,000 shares of the capital stock of the Company at 25¢ per share and has underwritten 600,000 shares at 30¢ per share payable on or before December 31st, 1952. Interest is payable by the underwriter on the \$180,000 due on or before December 31st, 1952 at 3% from January 1st, 1952 on the said \$180,000 or such part thereof as remains unpaid from time to time, such interest to be paid on December 31st, 1952. There are no option agreements outstanding or proposed to be given and the undersigned know of no sub-underwriting agreements outstanding or proposed to be given. The underwriter does not at this time propose to effect in Ontario primary distribution of these shares to the public pursuant to The Securities Act (Ontario). James J. Colt owns more than a 5% interest in Liberty Explorers Limited.

The Company is making an offering through registered security dealers of 200,000 shares at \$1 per share to the public. Commissions or brokerage to the security dealers will not exceed those authorized by The Toronto Stock Exchange for shares of mining companies.

The management proposes to expend the proceeds from current sales of securities by making the payments required under the Butyer and O'Neill agreements; to explore and develop its mining claims and for the ordinary corporate expenses of the Company.

The amounts of preliminary expenses are estimated as follows:

	Already Expended	Estimated Future Expenditures
Administrative	\$ 8,083.67	\$ 25,000.00
Development	35,702.42	175,000.00

No indebtedness not shown on the balance sheet as at September 30th, 1951, filed with this Prospectus other than in the ordinary course of business is expected to be created or assumed.

For more than three years the principal business in which the directors or officers of the Company have been engaged are as follows:

JAMES JAY COLT, President, Liberty Factors Corporation, Empire State Building, New York.

ERASTUS MILES FLYNN, Prospector and Mining Engineer. Self employed.

EDWARD NEIL WHITE, President and Director of Holiday Casuals, 601-39th Street, Brooklyn, New York.

ANITA COLT RAND, Treasurer and Director, Rand Converting Corp. Empire State Building, New York;

Vice-President, Secretary and Director, Liberty Converting Corp. Empire State Building, New York.

TERENCE JOSEPH O'NEILL, Prospector. Self employed.

None of the directors or officers of the Company has ever had either directly or indirectly, either personally or as a partner in a firm or company any interest in any property acquired or to be acquired by the Company other than Erastus Miles Flynn and Terence Joseph O'Neill whose interest have been aforementioned.

No remuneration has been paid to officers or directors during the last financial year and none is proposed to be paid during the current financial year.

No dividends have been paid by the Company.

James J. Colt and Erastus Miles Flynn are in a position to elect or cause to be elected a majority of the directors.

The undersigned know of no arrangements for the future sale of vendors stock other than E. Miles Flynn has agreed to donate 10,000 shares to each of three persons and if any other arrangement should come to the knowledge of the undersigned, an amended Prospectus will be filed in accordance with and if required by The Securities Act (Ontario).

There are no material facts not disclosed in the foregoing.

The foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required under Section 38 of The Securities Act (Ontario) and there is no further material information applicable other than in the financial statements or reports where required.

DATED this 31st day of December, 1951.

"J. J. COLT"

"E. N. WHITE"

"E. M. FLYNN"

"A. C. RAND"

"T. J. O'NEILL"

To the best of my knowledge, information and belief, the foregoing constitutes full, true and plain disclosures of all material facts in respect of the offering of securities referred to above as required by Section 38 of The Securities Act (Ontario) and there is no further material information applicable other than in the financial statements or reports where required. In respect of matters which are not within my knowledge I have relied upon the accuracy and adequacy of the foregoing.

LIBERTY EXPLORERS LIMITED

Per: "J. J. COLT"

JERSEY YUKON MINES LIMITED

(NO PERSONAL LIABILITY)

REPORT ON THE GEOPHYSICAL SURVEYS FOR JERSEY YUKON MINES, LIMITED, MAYO, YUKON

INTRODUCTION

This is a summary of a more detailed report, submitted December 18th, 1951, on the results of a geophysical survey carried out by Lundberg Explorations during a period commencing July 5th and ending October 6th, 1951.

As far as known this was the first time geophysical methods had been used to search for the lead-silver type of orebody which occurs in the Mayo area. In order to determine the geophysical method which would be of greatest use in locating these orebodies, several methods were tried.

The magnetic method proved of little value since the magnetic permeability of all the rocks and veins is very similar.

An electro-magnetic method, using a two frame type of instrument, did not give very definite data.

A resistivity method using the ratiograph instrument gave very good results and this method, together with a self-potential method, was used for the greater part of the survey.

Location, Means of Access and Area

The Jersey Yukon Mines property is located on the east slope of Galena Hill, a distance of approximately three miles from Keno City. Keno City is in the Yukon Territory about 42 miles north of Mayo, the main supply depot of the area. Mayo is on the Stewart River and is accessible by boat, motor car and air from Edmonton and Vancouver.

An area of 132 acres was surveyed in detail on the Agnes and Eagle Claims and another area of 303 acres, irregular in shape and located to the southwest of these claims, was surveyed in less detail.

Topography, Climate and Vegetation

The area is hilly, differences in elevation being as much as 2,000 feet. The overburden is generally shallow on the slopes of the hills so that, although outcrops are scarce, bedrock can generally be exposed by stripping. On the upper flat surface of the hills, where recent glaciation has not removed overburden, greater depths to bedrock may be expected.

The weather during the period of the survey was excellent with only four survey days being lost due to rain and snow.

The area surveyed is below the timber line, but small pine and spruce are common, as well as thick clumps of Arctic willow and birch.

THE GEOLOGICAL CONDITIONS

The geology of the area has been studied by members of the Canadian Geological Survey and the findings recorded and shown on the following reports and maps.

COCKFIELD, W. D., Geol. Survey of Canada, Sum. Rep. 1920 Part "A", pp. 1-6, and Sum. Rep. 1923, Part "A", pp. 1-21.

STOCKWELL, C. H., Geo. Survey of Canada, Sum. Rep. 1925, Part "A", pp. 1-14.

BOSTOCK, H. S., Mayo, Geol. Survey of Canada, Map 890A.

MCTAGGART, K. C., Geol. Survey of Canada, Prel. Map 50-20A, Keno Hill, Yukon Terr.
Geol. Survey of Canada, Prel. Map 50-20B, Galena Hill, Yukon, Terr.

The area is underlain by pale grey blocky quartzite with minor beds of black schist; sheared, grey to black, thin-bedded quartzite with abundant beds of graphite schist and undifferentiated schists with minor thin-bedded quartzite. Within this area are sheared greenstone and, since they are highly resistant to erosion, often form the only outcrops. These rocks, although greatly altered, locally contain remnants of hornblende or pyroxene, and show an igneous texture. The bodies best exposed are discontinuous along strike and lenticular in cross section, but their extent down plunge is unknown. Their origin is uncertain, but they may be branching, concordant with the bedding, lenticular, pipe-like igneous bodies, lenses bounded by low angle faults, or possibly, in part, crestal portions of folds. (K. C. McTaggart)

The youngest rocks are sills of fine grained biotite rich granite and sills of rhyolite, porphyritic rhyolite and fine grained granite. They were intruded after the shearing that affected the older rocks.

McTaggart's remarks on the structure are as follows: "Although the rocks appear to form a gently to moderately dipping homoclinal succession, intense shearing, low angle faults and tight drag-folds indicate that the overall structure is probably complicated by large scale recumbent folds. Such folds are believed to be responsible for the terminations of the quartzite bodies along the northern part of Keno Hill."

Faults which commonly strike northeast and dip steeply southeast are important structures since they appear to be the loci of the ore bodies. The veins are intersected by cross faults along which offsets are to the right. Strong post-mineral shears parallel with the veins are specially conspicuous at Calumet and Hector Mines and on the Keno group.

The Veins

The veins occur mainly in the quartzite but many lie near the contact of the quartzites with underlying or overlying schists. Some veins are found at or near contacts of schist and greenstone or along faults that bring schist and greenstone together. A few low grade veins lie on faults in greenstone.

The ore consists of galena high in silver, grey copper generally richer in silver than the galena, and sphalerite in a gangue of manganiferous siderite and quartz. Secondary minerals, locally important, include cerusite and ruby silver.

Prospecting Problems

The area in general is mantled by glacial drift, outcrops are scarce. The presence of permafrost presents its own problems, making it necessary to use special techniques for stripping and drilling.

It is obvious therefore that any geophysical survey, which might help to confine the work of stripping and drilling to small areas, would be a real time-saver and also cut down on the overall cost of exploration.

THE GEOPHYSICAL SURVEY

Personnel

The geophysical survey was carried out by Douglas Burton, assisted by Glen Bowie. Hans Lundberg made preliminary interpretation of the results and the final interpretation and report was prepared by Basil T. Wilson.

Discussion of the Results

The magnetic tests indicate that there were insufficient differences in the magnetic property of the various formations and so no further work was carried out by this method.

The resistivity survey on the other hand indicated that the veins and fault zones of economic interest showed up as strong conductors and the earth potential survey gave a check on this. Although certain of the intraformation schists, especially those consisting of graphite, were also good conductors, many of these could be eliminated from further consideration because of their trend.

Five conductive zones were detected which we believe should be explored by stripping or drilling, and these are located as follows:—

Zone No. 1

This conductive zone extends from the No. 2 post of the Eagle Claim to the No. 3 post of the Spider Claim.

Zone No. 2

No. 2 zone crosses the common boundary of the Nathalie and Alexandra Claims. It has a N36°E trend and was indicated on two sets of profile.

Zone No. 2A

This zone is probably the western extension of the Zone 2. It lies just north of the north boundary line of the claim just west of Alice Claim at a distance of 500 feet west of the No. 4 post of the Alice Claim.

Zone No. 3

This zone is parallel to and 400 feet south of the No. 2A zone.

Zone No. 4

Crosses the southern portion of the Agnes Claim. It starts just north of the No. 3 post of the claim.

Zone No. 5

This zone was indicated at one place near the southwest corner of the Olga Claim and at two places in the Alice Claim.

Some trenching has been done along Zones 1 and 2 but, although some rusty schist and a small amount of galena was found, no important veins were uncovered. These trenches, however, do indicate the presence of the proper formations and give encouragement for further work.

This report is respectfully submitted.

Yours very truly,

LUNDBERG EXPLORATIONS LIMITED,

BASIL T. WILSON,
Chief Geologist.

Toronto, Ontario,
January 8th, 1952.

January 17th, 1952.

I, BASIL T. WILSON, residing at 170 Banff Road, Toronto 12, Ontario, ATTEST:

1. That I am a graduate in Applied Science (Geology and Mineralogy) of Queen's University, Kingston, Ontario.
2. That I have practised my profession as a Geologist for 22 years.
3. That I am a member of the Association of Professional Engineers of the Province of Ontario.
4. That the information contained in this report was obtained from the field data collected by Douglas Burton of the firm of Lundberg Explorations Limited during the period beginning July 5th and ending October 6th, 1951; from geological reports of K. C. McTaggart; Geological Survey of Canada, Preliminary Maps, Keno Hill, Yukon Territory and Galena Hill, Yukon Territory.
5. That I have no financial interest direct or indirect and do not expect to have any financial interest direct or indirect either in the property itself or in the stock of the company known as the Jersey Yukon Mines, Limited.
6. This letter to accompany report on the Geophysical Surveys for Jersey Yukon Mines, Limited, Mayo, Yukon, dated January 8th, 1952.

BASIL T. WILSON, P.Eng.

JERSEY YUKON MINES LIMITED

(No PERSONAL LIABILITY)

(Incorporated under The Ontario Companies Act)

BALANCE SHEET AT THE 30th SEPTEMBER, 1951

ASSETS

CURRENT ASSETS

Cash on hand and in banks	\$ 21,621.56	
Travel advance to director	500.00	
Accounts receivable — sundry	1,376.07	
Due from Liberty Explorers Limited on or before 31st December, 1951 for purchase of capital stock	125,000.00	
Prepaid insurance	2,456.66	
		\$150,954.29

FIXED ASSETS, at cost

Mining properties (Note 1)	419,500.00	
Buildings, machinery and equipment	84,351.33	
		503,851.33

DUE FROM LIBERTY EXPLORERS LIMITED ON OR BEFORE 31ST DECEMBER, 1952 FOR PURCHASE OF CAPITAL STOCK

180,000.00

PREPRODUCTION DEVELOPMENT AND ADMINISTRATIVE EXPENSE — as per State- ment II

43,786.09

ORGANIZATION EXPENSE — estimated

3,500.00

\$882,091.71

LIABILITIES

CURRENT LIABILITIES

Accounts payable and accrued charges	\$ 24,308.65	
Amounts payable for purchase of mining properties (Note 1)	166,500.00	
Advances from director	6,278.06	
		\$197,086.71

AMOUNTS PAYABLE SUBSEQUENT TO 30TH SEPTEMBER, 1952 FOR MINING PROPERTIES

80,000.00

SHAREHOLDERS' EQUITY

CAPITAL STOCK

Authorized:

3,500,000 shares of \$1.00 par value	\$ 3,500,000.00
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Issued:

500,000 shares for mining properties	\$ 500,000.00	
Less discount	375,000.00	
		\$ 125,000.00
700,005 shares for cash	700,005.00	
Less discount	525,000.00	
		175,005.00

1,200,005	300,005.00
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Subscribed for and to be issued:

1,100,000 shares (Note 2)	1,100,000.00	
Less discount	795,000.00	
		305,000.00

605,005.00
\$882,091.71

NOTES: 1. Mining properties were acquired for a total consideration of \$419,500 of which, to 30th September, 1951, \$125,000 was satisfied by the issue of 500,000 fully paid shares of capital stock and \$48,000 in cash. The balance is payable, \$166,500 on specified dates prior to 30th September, 1952, and of this amount \$75,000 may be settled at the option of the company by the issue of 200,000 fully paid shares of capital stock in lieu of cash payment, and \$80,000 on specified dates up to 15th April, 1954.

2. Shares have been underwritten under date of 6th September, 1951 by Liberty Explorers Limited as follows:

(a) 600,000 shares at 25c each for a total of \$150,000, payment to be made by the 31st December, 1951, together with interest on the unpaid balance at 3% from the 1st July, 1951. \$25,000 was received in cash up to 30th September, 1951 and 100,000 shares have been issued therefor.

(b) 600,000 shares at 30c each for a total of \$180,000, payment to be made by the 31st December, 1952, together with interest on the unpaid balance at 3% from the 1st January, 1952.

3. 500,000 shares are held in escrow subject to release upon approval of the Ontario Securities Commission.

The above is the Balance Sheet referred to in our report dated the 25th October, 1951.

GEORGE A. TOUCHE & CO.,

Chartered Accountants, Auditors.

Approved on behalf of the Board:

J. J. COLT, Director.

E. M. FLYNN, Director.

JERSEY YUKON MINES LIMITED

(NO PERSONAL LIABILITY)

Preproduction Development and Administrative Expense
for the period from the inception of the company,
the 28th May, 1951 to the 30th September, 1951

DEVELOPMENT EXPENSE

Camp supplies and expense	\$ 5,048.27	
Surveying	9,558.17	
Wages	12,302.36	
Freight on purchases	2,942.74	
Explosives	2,356.65	
Engineering salaries	1,200.00	
Truck expense	1,175.97	
Bulldozer operating expense	761.75	
Sundry expense	356.51	
		<u>\$35,702.42</u>

ADMINISTRATIVE EXPENSE

Travelling	5,054.18	
Legal and accounting	2,005.00	
Office general expense	413.71	
Stationery and office supplies	266.14	
Telephone and telegraph	257.11	
Bank charges	87.53	
		<u>8,083.67</u>

Total for period — Statement I		<u>\$43,786.09</u>
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AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the books and accounts of Jersey Yukon Mines Limited (No Personal Liability) for the period from the inception of the Company, the 28th May, 1951, to the 30th September, 1951. In connection therewith we made a general review of the accounting methods and carried out a test of the transactions recorded for the period.

We report that all our requirements as auditors have been complied with, and that, in our opinion, subject to the ability of Liberty Explorers Limited to fulfil their obligations to the Company as they become due, the attached Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs at the 30th September, 1951, according to the best of our information and the explanations given to us and as shown by the books of the Company.

GEORGE A. TOUCHE & CO.,
Chartered Accountants, Auditors.

Dated at Toronto, Ontario,
25th October, 1951.

JERSEY YUKON MINES LIMITED

(NO PERSONAL LIABILITY)

REPORT ON THE PROPERTIES OF JERSEY YUKON MINES LIMITED

Location

The property of the Jersey Yukon Mines Ltd. is situated on Galena Hill in the Keno Hill Mining Camp which is in the Mayo Mining District, Yukon Territory, Canada.

The closest town and present living quarters is the Town of Keno Hill.

Accessibility

All transportation is by way of Mayo Landing on the Stewart River, 40 miles south of Keno Hill Camp. A good all-weather road connects the two towns. Mayo Landing may be reached by air or by the newly constructed all-weather highway which connects Mayo to the Alcan Highway near Whitehorse. An all year round air service is maintained by the Canadian Pacific Air Lines.

Properties

The Company owns 32 claims on Galena Hill, has agreed to purchase 10 claims, and holds an option on the Butyer group on Keno Hill. The Butyer option covers all of two claims and a one half interest in two other claims.

The Galena Hill group consists of the following 42 claims:

Eagle No. 1	Nina	Loma	San Antonio
Eagle No. 2	Tim	Gato	San Geronimo
Eagle Fraction	Pero Fr	Porco	San Francisco
Spider	Toro	Tampico	San Andres
Agnes	Pavo Fr	San Louis	Sue
Nathalie	Mike	Vera Cruz	Lot
Olga	Andy	San Carlos	Meg
Alice	Bill	Nogales	Len
Jean Fr	Joe	San Martin	Santa Barbara
Alexandria	Casa	San Agustin	Santa Cruz
		Santa Fe	Santa Eulalia

These claims are located on the east and south slopes of Galena Hill and they tie on directly to the southern boundary of the United Keno Hill Mines property.

The Butyer group consists of the Stone (100%), Ray (100%), Scot (50%) and Viola (50%). They are on the north slope of Keno Hill near Ferro Gulch.

History

The first discovery of silver-lead ore was made on Keno Hill by L. Beauvet in 1919. The Yukon Gold Co., owned by the Guggenheim Bros. of New York, later known as Keno Hill Ltd., purchased the original claims and as result over 500 claims were staked in the next few months.

The first ore shipments were made during the winter of 1920-21 and the tonnage shipped increased rapidly in the succeeding years. A mill was constructed on the Sadie-Friendship property at Camp Wernecke, in 1925 and operated there successfully for eight years.

With new and higher grade ore discoveries on Galena Hill, the mill was transferred to the Elsa Mine in the year 1933. This mill together with all the properties of the Treadwell Yukon Co. have since been taken over by the United Keno Hill Mines and the mill has been enlarged.

Among other properties on Galena Hill which adjoin those of United Keno Hill Mines are the Eagle claims which now belong to the Jersey Yukon Mines Ltd. These claims were staked in 1921 and are among the very first staked in the district.

Records show that the Galena-Keno Hill area is one of Canada's most important sources of lead and silver ores. According to the Government records, the area has produced over \$50,000,000.00 in silver and lead, at present prices.

General Geology

The rock formations on Galena and Keno Hills consist mainly of interbedded sediments of Precambrian age which have been intruded by sills of greenstone and rhyolite quartz porphyry.

The main mass of sediments are of quartzite and schist. These consist of banded blue and grayish white gneissoid quartzite grading in places into quartz-mica schist and graphite schist. The general strike of the sediments is usually east-west and the dips are from 20 to 30 degrees to the southwest.

The greenstones are intruded as sills, usually into softer schist formations and maintain the same strike and dip. They are found interbedded with the quartzites and schists.

The greenstones have undergone deformation like the schists but have suffered less. Owing to their superior resistance to weathering the greenstones form many of the topographical features in the district.

Economic Geology

Two systems of faulting along which the ore bodies occur are found in the area. The northeast, southwest or "longitudinal" faults and the north-south or "transverse" faults are found to be ore bearing. A third system of post mineral faults cuts across the others and is barren of minerals.

The ore bodies are found in these fault fissure veins. Some rich ore bodies have been found in the transverse veins but the most important ones are in the longitudinal veins.

The ore bodies are partly oxidized to a depth of several hundred feet. The principal gangue minerals are manganoferous siderite and quartz and the principal economic minerals are galena sphalerite and the silver mineral freibergite. In some places arsenopyrite, pyrite and chalcopyrite are noted in minor amounts.

The most favorable rock formations for ore bearing are the quartzites and the greenstones. These rocks are more brittle than the schists and where shattered by the faults produce a condition more favorable for replacement by mineralizing solutions.

Galena Hill Claims

The favorable quartzite bed which is host rock to most of the ore bodies on Galena Hill passes through the Company's Eagle group from east to west.

A strong fault vein has been traced through these claims and is shown on the latest Dominion Geological map by McTaggart. This fault is only about 3,600 feet away from a similar parallel fault which carries the rich Calumet-Hector ore bodies of the United Keno Hill Mines Co.

Several other veins cross the Eagle claims not all of which are parallel, so there are several favorable junction points on these veins which have to be explored.

The quartzite beds on Galena Hill have a gentle dip to the south of about 20 degrees. This means that the favorable quartzite beds dip into the Company's ground for a length of about six miles along the south boundary of the United Keno Hill Company's property.

The veins now being developed by the United Keno Hill Co. strike to the southwest into Jersey Yukon ground and the quartzite dips in that direction, so that it is anticipated that the deep seated ore bodies on Galena Hill will be on Jersey Yukon ground.

Butyer Group

The Butyer property on Keno Hill has somewhat different geological features. In that area of the camp there is a large outcrop of greenstone formation in which was found the camp's first large body of milling ore, in the Sadie-Friendship Mine. The Butyer claims are in this greenstone formation.

One of the strongest longitudinal fault veins on Keno Hill cuts across the Butyer claims. It is shown on the Geological map by McTaggart. It passes through the Lucky Queen claim where one of the richest ore bodies in the camp was found. This ore kept the Wernecke Mill going for several years.

The fault then passes through the Highlander claims from which several shipments of high grade ore were made. It then passes on to the Butyer group where good ore was found in two adits which were driven on the fault.

These adits are now filled with ice and cannot be sampled and it will take several weeks to complete the job of cleaning them out.

The lower adit on the Stone claim was driven 475 feet and the dump shows that the vein was in good ore.

Fortunately we have a report on the mine by Dr. W. E. Cockfield who visited the property and in the Summary Report of the Geological Survey for 1929, Part A, page 9A, we find the following report on the Butyer property:

"STONE GROUP. This property is owned largely by Matt Butyer who owns outright the Stone and Ray claims, and has a half interest in the Scot claims, the other half interest being owned by Mrs. W. C. Sime. The property is situated northeast of the ground last described (Highlander Group), and extends across Faro Gulch. The main workings are on the slope on the western side of Faro Gulch, and consist of two adits. A third was, at the time of the writer's visit, being driven lower down towards the creek, but had not yet penetrated the overburden. The lower of the two completed adits is about 475 feet long, with a crosscut, 16 feet long, to the east at 230 feet, a crosscut 70 feet long to the west at 430 feet, and several small stopes at intervals in the adit. At the face there is a fault with a highly polished hanging-wall with 18 inches of siderite and freibergite. The balance of the face shows shattered greenstone with siderite. About 15 feet back from the face there is about one foot of siderite heavily impregnated with grey copper, in which a small stope about 12 feet high and about the same length has been excavated. The 70 foot crosscut to the west is in schist which has been shattered and filled with siderite, and carries some values throughout. This terminates against a greenstone body into which the main adit penetrates about half way between the crosscut and the face. The shorter crosscut shows the ore body to be about 12 feet wide.

The upper adit is 135 feet long, and is now partly caved near the entrance. It encounters the vein about 30 feet from the portal, and continues along the vein for the balance of its length.

A shipment of six tons from this property assayed 161 ounces of silver to the ton, and a small shipment, less than a ton, of hand sorted ore showed 586 ounces silver per ton."

From the above encouraging report by Dr. Cockfield it is apparent that the Butyer workings disclosed some very good ore and the Company is proceeding to de-ice the adits and prepare them for systematic sampling to determine the size and grade of the ore bodies.

The "freibergite" or "grey copper" mineral which Dr. Cockfield mentions is a sulph-antimonate of silver and copper which carries about 8,000 ounces silver per ton. It is the principal silver mineral in all of the ore bodies in the camp.

The ore shipments which Dr. Cockfield mentions as having been made from the Butyer mine would have a value, at today's price of 95¢ per oz., of \$152.95 and \$556.70 respectively.

Some time after the above shipments were made to the smelter a bulk sample of a couple of hundred tons of milling ore was shipped from the Butyer mine to the nearby Wernecke mill and gave an average of around 60 ozs. of silver per ton with some lead and zinc.

Operations

All of the mining area on both Galena and Keno Hills is uniformly covered with a mantle of frozen overburden from 5 to 15 feet in thickness. This presents a major problem in the work of prospecting for the veins and in sampling them after they are found.

The old timers used melting snow to do their prospecting. They built ditches high up on the hillsides that diverted the water to "sluices" that eventually cut down through the frozen overburden to bedrock. The Calumet-Hector vein was found in this way.

Now bulldozers are used to cut trenches through the overburden and this has speeded up prospecting but is expensive.

The Company decided to try a Geophysical Survey on its claims to find out if this modern method of prospecting would aid in finding the veins and ore bodies hidden under the overburden.

It has not been tried in the camp before largely because it was thought that the permafrost in the rocks which reaches to a depth of about 300 feet, would interfere with this method.

At the present time the Hans Lundberg Exploration Co. is conducting a survey on the Company's claims under the direction of Mr. Douglas Burton and the survey should be completed within the next few weeks. Already it appears that the permafrost will not be as serious an obstacle as was thought at first but there are other obstacles to overcome.

Early Work

The early prospectors did a considerable amount of work on the Eagle group and found several veins. On one of them they put down a shaft on a vein which carried good values in silver and lead. This shaft is now filled with ice and cannot be sampled until it is cleaned out.

Two selected samples of rusty material showing a little galena were taken from the dump at the shaft and gave the following results:

Sample No. 1 — 350 oz. silver, 12.78% lead. Value \$377.30 per ton.

Sample No. 2 — 340 oz. silver, 9.72% lead. Value \$355.08 per ton.

The above values were calculated at today's prices of 95¢ per ounce for silver and 17.5¢ per pound for lead.

Dr. C. H. Stockwell of the Dominion Geological Survey visited this shaft in 1924 and in the Summary Report for 1925, Part A, on page 13A, he reports as follows:

"EAGLE CLAIM. This claim, situated on the eastern slope of Galena Hill at the head of McLeod Creek, is owned by A. McLeod, S. Thurbur, and Miss J. Stewart.

A vein which strikes about north 50 degrees east and dips steeply southeast has been prospected by means of several open cuts, prospect shafts, and ditches. On the northwest side of the vein the country rock is largely green and yellow mica schist and graphite schist; on the southeast side the country rock is quartzite. Judging from the material on the dumps the vein is mineralized with quartz, siderite, pyrite, galena, sphalerite, limonite and malachite."

SUMMARY

Galena Claims

The claims on Galena Hill owned by the Jersey Yukon Company comprise about 2,000 acres which adjoin the United Keno Hill Mines on their eastern and southern boundaries for a length of about six miles.

The favorable quartzite bed which is the host rock for all of the important ore bodies on Galena Hill outcrops on the Company's Eagle group. Several strong fault veins are known to cross these claims and there is a shaft with good values on one of them. Considerable float, in large pieces, is evident in the ditches and this undoubtedly came from veins on the property.

The fault veins on this group are parallel and similar to the Calumet-Hector and Mackeno veins, in that they are in the same favorable bed of quartzite and have the same type of mineralization.

The strike of the Calumet-Hector fault veins and others on Galena Hill, combined with the southerly dip of the quartzite formation, is such that they can be expected to extend into Jersey Yukon ground at depth.

Butyer Property

A strong well mineralized fault cuts through these claims. The same greenstone formation that is host rock to the big Sadie-Friendship ore bodies outcrop on these claims.

The Butyer fault is a continuation of the Lucky Queen vein where one of the richest ore bodies in the camp was found.

From the two adits on the Stone claim some small shipments of ore were made in early days and a bulk sample of milling ore was tested at the Wernecke mill.

These adits are filled with ice and cannot be sampled until they are cleaned out, but a report by Dr. Cockfield indicates that there are possibilities of developing important bodies of milling ore on this property. The Company is proceeding to clean out these adits for systematic sampling.

Respectfully submitted,

ERIC NORPPA

Eric Norppa.

REFERENCES:

Canada Department of Mines
Geological Survey

Summary Reports for 1920-23-25-29 and 1932.

Summary Report, 1920, Part A. by W. E. Cockfield, pages 1 to 6.

" " 1923, " " W. E. Cockfield, " 1 to 21.

" " 1925, " " C. H. Stockwell, " 1 to 14.

" " 1929, " " W. E. Cockfield, " 1 to 12.

" " 1932, " " H. S. Bostock, " 6 to 8.

Preliminary map 50-20A, Keno Hill, Yukon Terr. by K. N. McTaggart, 1948, 1949.

TO WHOM IT MAY CONCERN

I, Eric Norppa, of the Town of Kirkland Lake, Ont., hereby certify:

1. That I am a graduate of the Provincial Institute of Mining, Haileybury, Ontario.
2. That I have no direct or indirect interest in the mining property referred to in the accompanying report, or in the securities of the Company, nor do I expect to receive any such interest.
3. That the accompanying report is based on Government Geological Maps and Reports and on records of the District, assay reports and records of sampling and on my own personal knowledge of the claims mentioned, as a result of having spent the month of July on examinations and operations in the area.

ERIC NORPPA

Eric Norppa.

Keno Hill, Y.T.,
August 2nd, 1951.

This certificate is attached to and forms part of the Report on the properties of Jersey Yukon Mines Ltd. (No Personal Liability) dated at Keno Hill, Y.T., August 2nd, 1951.